

**PYX  
EXPLORATIONS  
LTD.**

**ANNUAL REPORT**

July 31st, 1977



PYX EXPLORATIONS LTD.

OFFICERS: J. C. BYRNE President  
R. H. BYRNE Vice President  
W. STEUERMAN Secretary-Treasurer

DIRECTORS: L. A. BEDNARZ, Toronto  
Executive Engineer, Rayrock Mines Limited  
  
J. C. BYRNE, Toronto  
President and Managing Director  
Rayrock Mines Limited  
  
R. H. BYRNE, Agincourt  
Field Engineer, Rayrock Mines Limited  
  
D. R. CROMBIE, Toronto  
Vice President, Operations  
Rayrock Mines Limited  
  
W. STEUERMAN, Toronto  
Secretary-Treasurer, Rayrock Mines Limited

HEAD OFFICE: Suite 1011, 2200 Yonge Street  
Toronto, Ontario M4S 2C6

AUDITORS: COOPERS & LYBRAND, Toronto

BANKERS: ROYAL BANK OF CANADA  
Bay and Temperance Branch, Toronto

SOLICITORS: CAMPBELL, GODFREY & LEWTAS, Toronto

REGISTRAR AND CROWN TRUST COMPANY  
TRANSFER AGENT: Toronto

ANNUAL MEETING: January 20, 1978, 11:00 a.m.  
Suite 1011, 2200 Yonge Street, Toronto



# PYX EXPLORATIONS LTD

## REPORT OF THE DIRECTORS:

We present herewith the First Annual Report of Pyx Explorations Ltd., which was incorporated on July 30, 1976 by the amalgamation of Radiore Uranium Mines, Crestland Mines and Rockdale Mines.

The primary assets of the Company are a 54 per cent owned subsidiary - Norita Quebec Mines Limited, a partially developed uranium prospect, a modest income producing oil interest in Alberta, and an investment in Rayrock Mines Limited.

During the year the Norita subsidiary received \$77,745 in production royalties from Orchan Mines which company purchased the Norita zinc-copper property in 1972 for \$500,000 payable at the rate of 25 cents per ton of ore milled; in addition Norita has a 25 per cent net profits interest after Orchan has recovered its preproduction expenditures. Production of zinc, copper, silver concentrates from the Norita property began in April, 1976.

Earlier this year a winter drilling program was conducted on the Pyx uranium claims located in the Marian River area, 80 miles northwest of Yellowknife. The cost of the exploratory work was borne by the joint venture of Rayrock Mines and Ryowa Uranium Development Corporation of Japan under an option agreement. While drill results were disappointing, the property nevertheless hosts a relatively small deposit of good grade uranium mineralization developed by underground workings some years ago. The tonnage potential is too small for the property to be developed on its own. It would be a good source of ore, however, should another deposit be located and a mill constructed within trucking distance. The Rayrock-Ryowa Joint Venture is carrying out a regional exploration program in the Marian River area.

Your Company's immediate endeavour is to raise finances for new resource projects, with particular emphasis on participations in low risk oil and gas venture. An eventual listing of the Company's shares on a Canadian stock exchange is also contemplated.

On behalf of the Board

J. C. BYRNE  
President

Toronto, Canada  
December 13, 1977

# COOPERS & LYBRAND

CHARTERED ACCOUNTANTS

TELEPHONE (416) 869-1130

CABLES COLYBRAND

TELEX 06-23590

145 KING STREET WEST

TORONTO, ONTARIO, CANADA M5H 1V8

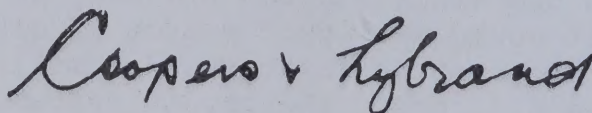
OFFICES THROUGHOUT CANADA  
AND IN PRINCIPAL AREAS  
OF THE WORLD

November 11, 1977

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Pyx Explorations Ltd. as at July 31, 1977 and the consolidated statements of loss, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at July 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Coopers & Lybrand".

CHARTERED ACCOUNTANTS



PYX EXPLORATIONS LTD.

CONSOLIDATED BALANCE SHEET AS AT JULY 31, 1977

A S S E T S

	1977 \$	1976 \$
CURRENT ASSETS		
Cash and short-term investments	27,961	45,116
Accounts receivable	<u>2,932</u>	<u>425</u>
	30,893	45,541
DUE FROM ORCHAN MINES LIMITED (note 3)	398,849	476,594
LONG-TERM INVESTMENTS (notes 1(b) and 4)	78,094	87,326
MINING PROPERTIES (notes 5 and 6)	40,715	40,965
OIL LEASE - at cost, less accumulated amortization (notes 1(d) and 7)	30,867	-
DEFERRED EXPLORATION AND DEVELOPMENT (notes 1(c) and 6)	101,137	105,800
OTHER ASSETS - at cost	<u>9,125</u>	<u>9,125</u>
	<u>689,680</u>	<u>765,351</u>

L I A B I L I T I E S

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,100	18,108
Due to Rayrock Mines Limited	<u>53,341</u>	<u>20,000</u>
	54,441	38,108
MINORITY INTEREST IN SUBSIDIARY COMPANY	<u>207,383</u>	<u>245,129</u>
	<u>261,824</u>	<u>283,237</u>

S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK		
Authorized -		
5,000,000 common shares of no par value		
Issued -		
1,777,551 common shares	1,672,382	1,672,382
CONTRIBUTED SURPLUS (note 2)	80,680	80,680
DEFICIT	(1,325,206)	(1,270,948)
SIGNED ON BEHALF OF THE BOARD	<u>427,856</u>	<u>482,114</u>
J. C. Byrne	<u>689,680</u>	<u>765,351</u>
Director		
W. Steuerman		
Director		

# PYX EXPLORATIONS LTD.

## CONSOLIDATED STATEMENT OF LOSS FOR THE YEAR ENDED JULY 31, 1977

		\$
INCOME		
Revenue from petroleum operations	26,581	
Interest income	<u>718</u>	
	27,299	
EXPENSE		
Cost of petroleum production	15,412	
Amortization of oil lease	2,295	
General and administrative expense	28,919	
General exploration expenses	<u>13,900</u>	
	60,526	
LOSS FROM OPERATIONS	33,227	
LOSS ON DISPOSAL OF INVESTMENTS	<u>4,748</u>	
NET LOSS BEFORE MINORITY INTEREST	37,975	
MINORITY INTEREST IN LOSS OF SUBSIDIARY COMPANY	<u>(4,479)</u>	
NET LOSS FOR THE YEAR	<u>33,496</u>	
LOSS PER SHARE	<u>\$ (0.02)</u>	

## CONSOLIDATED STATEMENT OF DEFICIT FOR THE YEAR ENDED JULY 31, 1977

		\$
DEFICIT - BEGINNING OF YEAR	1,270,948	
Add: Net loss for the year	33,496	
Amalgamation expenses (note 2)	<u>20,762</u>	
DEFICIT - END OF YEAR	<u>1,325,206</u>	



PYX EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED JULY 31, 1977

	\$
<b>SOURCE OF WORKING CAPITAL</b>	
Reduction of amount due from Orchan Mines Limited	77,745
Proceeds on sale of investments	4,485
Recovery of exploration expenses and write-off of mining claim	<u>4,912</u>
	<u>87,142</u>
<b>USE OF WORKING CAPITAL</b>	
Loss from operations	33,227
Less: Amortization	<u>2,295</u>
	30,932
Purchase of oil lease	33,162
Dividends paid by subsidiary company to minority shareholders (note 3)	33,267
Amalgamation expenses (note 2)	<u>20,762</u>
	<u>118,123</u>
<b>DECREASE IN WORKING CAPITAL</b>	30,981
<b>WORKING CAPITAL - BEGINNING OF YEAR</b>	<u>7,433</u>
<b>WORKING CAPITAL DEFICIENCY - END OF YEAR</b>	<u><u>23,548</u></u>

# PYX EXPLORATIONS LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 1977

### 1. ACCOUNTING POLICIES

The accounting policies of the company are in accordance with generally accepted accounting principles and those policies considered particularly significant are outlined below:

#### (a) Basis of consolidation

The consolidated financial statements include the accounts of its subsidiary, Norita Quebec Mines Limited (54.4% owned).

#### (b) Long-term investments

Investments are written down when there is evidence of a decline in their inherent worth below their carried value.

#### (c) Deferred exploration and development

These are deferred until such time as they are written off against production from the property to which they apply or until the claims are sold or otherwise disposed of. Expenditures made in the general search for minerals are normally charged to expense in the year incurred.

#### (d) Amortization of oil lease

Amortization is charged on the unit of production basis calculated on the unamortized balance at the beginning of the year.

### 2. AMALGAMATION

The company was created by Articles of Amalgamation dated July 30, 1976. The combining companies amalgamated and the basis of amalgamation is as follows:

<u>Name of combining company</u>	<u>Basis of amalgamation</u>
Radiore Uranium Mines Limited (Radiore)	2 shares of the company for 5 shares of Radiore
Rockdale Mines Limited (Rockdale)	1 share of the company for 50 shares of Rockdale
Crestland Mines Limited (Crestland)	1 share of the company for 15 shares of Crestland.

1,777,551 common shares of no par value were issued in exchange for the net assets of the combining companies.



PYX EXPLORATIONS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 1977

2. AMALGAMATION (continued)

For accounting purposes, the amalgamation was treated as a purchase. The net assets of the combining companies were transferred to the company at estimated fair market value. Inter-company shareholdings of the amalgamating companies were eliminated resulting in an amount of \$80,680 being credited to contributed surplus.

The net assets acquired by the company from each of the combining companies and the number of the company's voting shares held by each of the combining company's shareholders is as follows:

<u>Combining Company</u>	<u>Assets acquired at estimated fair market value</u>	<u>Liabilities assumed at estimated fair market value</u>	<u>Minority interest</u>	<u>Voting shares held in amalgamated company</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Radiore	590,671	11,525	245,129	1,556,897
Rockdale	11,713	-	-	24,233
Crestland	<u>162,967</u>	<u>26,583</u>	<u>-</u>	<u>196,421</u>
	<u>765,351</u>	<u>38,108</u>	<u>245,129</u>	<u>1,777,551</u>

The cost of the amalgamation in the amount of \$20,762 was charged directly to deficit.

3. DUE FROM ORCHAN MINES LIMITED (ORCHAN)

This amount is payable by Orchan on a quarterly basis to a subsidiary, Norita Quebec Mines Limited (Norita) at the rate of \$0.25 per ton of ore mined and milled from the former Norita property. This property has been put into production and the sale of the property to Orchan was recognized in the accounts in 1975.

As a result of a director's resolution of Norita, all amounts received pursuant to this receivable are to be distributed to Norita's shareholders, subject to the retention by Norita of sufficient working capital. As a result dividends of \$33,267 were paid to minority shareholders during the year.

PYX EXPLORATIONS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 1977

4. LONG-TERM INVESTMENTS

	1977 \$	1976 \$
Investment in shares of Rayrock Mines Limited - at cost (quoted market value 1977 - \$31,320; 1976 - \$27,360)	66,479	75,711
Investment in other mining companies - at cost (quoted market value - 1977 - \$8,000; 1976 - \$12,260)	11,610	11,610
Unlisted shares and debentures - at nominal value	<u>5</u>	<u>5</u>
	<u>78,094</u>	<u>87,326</u>

5. MINING PROPERTIES

	1977 \$	1976 \$
Mining claims -		
Matagami Area - West zone. An 80% interest held by the company in 37 claims in Isle Dieu Twp., Quebec was acquired in 1975 by Noranda Exploration Company, Limited. The company retains a 20% carried interest in any net profits, as defined, from production - at nominal value.	1	1
468.5 acres patented mining claims in Anderson Twp., Algoma Mining Dist., Ontario - at cost	11,713	11,713
4 patented mining claims, Kirkland Lake Mining Division, Gauthier Twp., Ontario, acquired for cash - at cost	5,000	5,000
65 unpatented mining claims (presently optioned to another mining company), Sun and Rose Group, MacKenzie Mining Division, Northwest Territories, acquired for cash - at cost	20,000	20,000
10 unpatented claims, Cavalier Lake, Northwest Territories - at nominal value	<u>1</u>	<u>1</u>
	36,715	36,715
Mine buildings and equipment - at cost	<u>4,000</u>	<u>4,250</u>
	<u>40,715</u>	<u>40,965</u>



PYX EXPLORATIONS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 1977

6. VALUES

The amounts shown for mining properties and deferred exploration and development represent costs to date of the predecessor companies less amounts written off and do not necessarily reflect present or future values.

7. OIL LEASE

	\$
20% interest in a petroleum and natural gas lease in Alberta	33,162
Less: Accumulated amortization	<u>2,295</u>
	<u>30,867</u>

8. COMPARATIVE FIGURES

The comparative amounts for 1976 appearing on the consolidated balance sheet were restated to conform to those of the amalgamated company. As the previous year-ends of the combining companies were December 31, 1975, comparative figures for 1976 on the consolidated statements of income, deficit and changes in financial position would not be meaningful, and accordingly have been omitted.

9. STATUTORY INFORMATION

No remuneration was directly paid or payable by the company to the directors and senior officers for the year ended July 31, 1977.

Pyx Explorations Ltd.  
Suite 1011, 2200 Yonge Street  
Toronto, Ontario M4S 2C6

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Pyx Explorations Ltd. will be held at Suite 1011, 2200 Yonge Street, Toronto, Ontario, on Friday the 20th day of January 1978 at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes.

- a) To receive and consider the annual report of the corporation including the financial statements for the year ended July 31, 1977, together with the auditors' report thereon;
- b) To elect directors;
- c) To appoint auditors and to authorize the directors to fix the remuneration of the auditors;
- d) To transact such other business as may properly be brought before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, complete, sign and mail the enclosed form of proxy. A copy of each of the Information Circular, Annual Report, Financial Statements and Auditors' Report accompanies this notice.

DATED at Toronto, this

By Order of the Board,

W. Steuerman  
Secretary



## PYX EXPLORATIONS LTD.

### INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Pyx Explorations Ltd. (the Company) of proxies to be used at the Annual Meeting of shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO ATTEND, ACT AND VOTE FOR HIM AND ON HIS BEHALF AT THE MEETING MAY DO SO, either by inserting the name of such person (who need not be a shareholder) in the blank space provided in the form of proxy and striking out the names of the two specified persons, or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company.

The Business Corporations Act (which governs the affairs of the Company), provides that "a proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized". The said Act also provides that a proxy may be revoked by instrument in writing similarly executed and "deposited either at the head office of the corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof". The head office of the Company is at Suite 1011, 2200 Yonge Street, Toronto, Canada.



## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On December 13, 1977, the Company had outstanding 1,777,551 shares of no par value, each carrying the right to one vote per share. As of December 13, 1977, the directors and senior officers of the Company do not know of any person or Company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company, except as follows:

<u>Owner</u>	<u>Shares</u>	<u>Percentage</u>
Rayrock Mines Limited Ste. 1011, 2200 Yonge Street Toronto, Ontario	314,248	17.7

## ELECTION OF DIRECTORS

The Board consists of five (5) directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the board of directors and have been since the date indicated. The management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason, prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as Directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became directors of the Company and the approximate number of shares of each class of the Company beneficially owned, directly or indirectly, by each of them as of December 13, 1977.



<u>Name</u>	<u>Offices Held with the Company and Principal Occupation</u>	<u>Director Since *</u>	<u>Shares Owned Benefici- ally</u>
Leonard A. Bednarz	Mining Engineer, Executive of Rayrock Mines Limited	1976	None
Jerome Cotter Byrne	President of the Corporation and President of Rayrock Mines Limited and other corporations	1976	5,010
Robert Howarth Byrne	Vice-President of the Corporation and Field Engineer for Rayrock Mines Limited	1976	53
David R. Crombie	Metallurgical Engineer, Vice-President Opera- tions of Rayrock Mines Limited since September 1974; theretofore As- sistant Manager of Avoca Mines Limited	1976	None
Walter Steuerman	Secretary-Treasurer of the Corporation, Chartered Accountant. Since June 1976, Secy. Treasurer of Rayrock Mines Limited. From Nov. 1974 to June 1976 Assist. Secy. Treas. Conwest Group. Prev- iously Treasurer of Pominex Limited.	--	None

\* Except for Mr. Steuerman, all of the above nominees had previously been directors of one or more of the Corporation's predecessor companies.



## REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration was directly paid or payable by the Company to the directors or senior officers for the year ended July 31, 1977.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of the firm of Coopers & Lybrand, Chartered Accountants, of Toronto, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Coopers & Lybrand are the present auditors of the Company.

## OTHER BUSINESS

Management knows of no matter which will come before the Annual Meeting except receiving the Annual Report of the Company (including the financial statements contained therein), electing directors and appointing auditors and authorizing the Directors to fix their remuneration. IF ANY OTHER MATTERS COME BEFORE THE MEETING THE NOMINEE NAMED IN THE FORM OF PROXY WILL VOTE THE SHARES REPRESENTED THEREBY AS HE SEES FIT UNLESS OTHER INSTRUCTIONS OR LIMITATIONS ARE ENDORSED THEREON.

DATED as of December 13, 1977.